

## Message Text

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44

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

DOT-00 INR-11 NSAE-00 RSC-01 FAA-00 PM-07 H-03 L-03

NSC-07 PA-04 PRS-01 SP-03 SS-20 USIA-15 TRSE-00 AID-20

OMB-01 FRB-03 XMB-07 DRC-01 /153 W

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R 141024Z AUG 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 4133

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E.O. 11652: N/A

TAGS: ETRN, NL

SUBJECT: CIVAIR: FOREIGN GOVERNMENT SUBSIDIES TO FOREIGN  
AIRLINES

REF: STATE 162608

FOLLOWING POINTS OBTAINED FROM US AIRLINE CONTACT MAY BE OF  
INTEREST. POINTS ARE KEYED TO LETTERED PARAS IN REFTEL:

A) GON HAS MADE CONTRIBUTION TO EQUITY CAPITAL OF KLM IN LAST  
FEW YEARS THROUGH 200 MILLION GUILDER INVESTMENT RAISING  
GOVERNMENT EQUITY FROM 51 TO 70 PERCENT, AS PREVIOUSLY  
REPORTED.

B) ON INDICATION OF DIRECT GOVERNMENT OR NATIONAL BANK LOANS  
TO KLM AT FAVORABLE INTEREST RATES.

C) NETHERLANDS GOVERNMENT GUARANTEES OF COMMERCIAL BANK  
LOANS TO KLM ARE REPORTED TO REDUCE INTEREST RATE BY 1 TO  
1.5 PERCENT.

D AND E) ADVERTISING ABROAD BY DUTCH NATIONAL BUREAU OF TRAVEL  
(NBT) IS REPORTED TO BE DIRECTED EXCLUSIVELY TO TRANSPORTATION  
BY KLM. ADVERTISEMENT FEATURING "DAY ON THE HOUSE" THAT IS,  
VARIETY OF ONE-TIME FREE SERVICES TO TOURISTS IN AMSTERDAM,  
FEATURES ONLY KLM TRANSPORTATION, ALTHOUGH ALL TOURISTS ARE  
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ELIGIBLE FOR THESE FEE SERVICES REGARDLESS OF AIRLINE. ON

WHICH THEY FLY. REFUND OF \$50 ON ROUND-TRIP KLM TICKET FOR PERSONS OVER 21 YEARS OF AGE ON BASIS OF FILLING OUT QUESTIONNAIRE IS MATTER ALREADY UNDER INVESTIGATION BY CAB.

F) NO ARTIFICALLY HIGH MAIL RATES HAVE BEEN REPORTED, BUT IT IS UNDERSTOOD THAT KLM IS GIVEN ALL TRANSATLANTIC MAIL ORIGINATING IN NETHERLANDS. ( US CARRIERS ARE REPORTED TO CARRY ALL US ORIGINATING MAIL TO NETHERLANDS, AS WELL AS APO MAIL FROM NETHS).

G AND H) THERE IS NO INDICATION OF ADVANTAGE GIVEN TO NATIONAL CARRIER ON BASIS OF MILITARY CARGO RATES OR COST OF GOVERNMENT SERVICES. DUTCH MILITARY CARGO, HOWEVER, IS SHIPPED BY KLM.

I) IT IS UNDERSTOOD THAT SOME KLM PILOTS ARE RECRUITED FROM DUTCH AIR FORCE BUT THIS IS NOT REGARDED AS IMPORTANT FORM OF SUBSIDY.

J) DOMESTIC SUBSIDIARY OF KLM, NLM, IS SAID TO HAVE BEEN SUBSIDIZED BY CHAMBERS OF COMMERCE IN INTERIOR AREAS BENEFITED BY ITS SERVICES, AT LEAST AT THE BEGINNING OF ITS SERVICES SOME SIX YEARS AGO. THERE IS NO EVIDENCE AT HAND, EITHER POSITIVE OR NEGATIVE, REGARDING POSSIBLE SHARING OF NLM INCOME WITH KLM. NLM AIRCRAFT MAINTENANCE IS DONE IN KLM SHOPS BUT FINANCIAL ARRANGEMENTS ARE NOT KNOWN.

K) NO GOVERNMENT SUPPORT FOR SPECIFIC AIRCRAFT TYPES.  
GOULD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRANSPORTATION SUBSIDIES, AIRLINES, CONTRACTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** izenbei0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Film Number:** D740223-0105  
**From:** THE HAGUE  
**Handling Restrictions:** n/a  
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**Line Count:** 84  
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**Office:** ACTION EB  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Previous Handling Restrictions:** n/a  
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**Subject:** CIVAIR: FOREIGN GOVERNMENT SUBSIDIES TO FOREIGN AIRLINES  
**TAGS:** ETRN, NL  
**To:** STATE  
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